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PACIFIC TELESIS
Group-Washington

October 10, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

Dear Mr. Caton:

Re: *CC Docket No. 95-116, Telephone Number Portability*

On behalf of Pacific Telesis Group, please find enclosed an original and six copies of its *"Reply Comments"* in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,

Alan Ciamporcero

Enclosure

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	
Telephone Number Portability	CC Docket No. 95-116

REPLY COMMENTS OF PACIFIC TELESIS GROUP

I. INTRODUCTION AND SUMMARY

Pacific Telesis Group ("Pacific") files these reply comments on Petitions for Reconsideration and Clarification filed in the above captioned proceeding. Once again, our competitors raise "concerns" with QoR. What they fail to acknowledge, and what the FCC must understand, is that the Commission has allowed QoR (albeit not noted by that name) by finding that LRN meets the criteria and may be used to meet the requirements of the Telecommunications Act for number portability. LRN advocates don't call it by that name, but the call processing is the same "look ahead" methodology used in QoR. Switches will attempt to complete the call; it is only when the number no longer resides in the switch that a query is launched.[1] How can QoR be disallowed for interswitch calls, but permitted for intraswitch calls? Such a distinction would be considered arbitrary and capricious.

[1] AT&T designed LRN in this manner due to the recognition that making unnecessary queries is inefficient for intraswitch calls. The same reasoning holds true for interswitch calls.

In addition, our opponents criticize QoR because it queries our own switch for call routing information. Why is it somehow objectionable for the incumbent to launch an SS7 query to its own switch (as in QoR) but not objectionable for the incumbent to launch an SS7 query to its own database (as in LRN). These are distinctions without differences and should be dismissed.

One further confusing aspect of the comments and objections to QoR is that parties assume there is only one call type--an intraLATA call originating on an incumbent LECs network destined for a new entrant's network . However, other scenarios must be examined, especially InterLATA calls. Over 59 billion interLATA calls were placed in 1994.[2] If interexchange carriers are not required to perform queries for interLATA calls, they may "dump" their traffic on the incumbent who will be required to query and route those calls. Two effects occur. First, the new entrant will be relying on the facilities of another carrier for routing the call (apparently in violation of the Commission's criteria 4[3]), and second, the incumbent must engineer its network to handle these additional call volumes. Currently, the incumbent LEC's network is not sized to handle default-routed interexchange calls. If we now have that responsibility, the costs of number portability will increase dramatically. Therefore, the FCC must require interexchange carriers to adhere to the mandated schedule.

II. QOR SHOULD BE ALLOWED

The major concern raised by parties opposing the use of QoR is that QoR treats ported and non ported numbers differently. QoR opponents apparently believe that it is only through identity

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[2] Statistics of Communications Common Carriers, 1994/95 ed., Table 2.6.

[3] 47 C.F.R. §52.3 (a)(4), precluding reliance on databases, other network facilities, etc., provided by other carriers.

of call handling criterion that competition can adequately develop.[4] These opponents ignore the way telephony works. First, there are a myriad of call-handling scenarios in use today. These scenarios are based on the number of switches and databases a call must traverse, the type of signaling involved, the trunking configuration, and the amount of traffic on the network. Thus a call between the same two locations can have different call handling and post-dial delay parameters if handled by two different carriers.[5] For interLATA calls originating in Pacific's network, Sprint and AT&T (for example) may carry the call over very different configurations even though both are bound for the same terminating point.[6] Call set up delay may vary between these two competitors. Yet, no one has argued that interLATA competition is inadequate because Sprint and AT&T's calls don't both traverse the identical call path or have identical call set up times. One carrier's calls may traverse a tandem and the other's may not; one may be utilizing SS7 signaling and the other may not, one may consult more databases than the other. Identity of call handling is not required.[7]

Similarly, for number portability, the Act does not require identity of call handling. The Act requires that portability be "without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another."[8] There is no requirement that calls be

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[4] LRN does not yield identity of call handling. Intraswitch calls are handled differently than interswitch calls, for example.

[5] Sprint argues that QoR could "result in dropped calls if total delay exceeds a certain threshold." (Sprint p. 5) Pacific agrees that the LIDB database may have issues relating to "timing out" when combined with queries to the number portability database. However, the issue is independent of LRN or QoR.

[6] One carrier may serve West Coast traffic via East Coast switches in order to take advantage of different busy hours on the East Coast.

[7] In the past, courts have not required identity of call handling in order to meet nondiscrimination provisions of the MFJ. US v. Western Electric, Inc. 569 F. Supp 1057 (1083).

[8] 47 U.S.C. §153(30).

"without difference" or be handled in precisely the same manner. Congress understood that calls are handled in many different ways today.[9] Number portability cannot change that.

A. LRN, Like QoR, Treats Ported And Nonported Numbers Differently

The other fallacy in the argument that ported and nonported calls must be handled identically is that *even with LRN, ported and nonported numbers will be handled differently.* With LRN, calls destined for numbers resident within the switch (i.e. originally assigned to that carrier) will not be subjected to a database dip if the number has not been ported. If the call cannot complete because the number no longer resides in the switch, i.e. the number has been ported to another carrier, then a database dip will be done.[10] Here's an example. If an MCI Metro customer calls another MCI Metro customer served by the same switch, the call will *not* be subjected to a database dip. If a Pacific Bell customer calls that same MCI Metro customer, Pacific will be required to perform a database dip using LRN.

Thus, ported numbers will be handled differently from nonported numbers for calls that stay within the switch. (MCI argues that 15-20% of all calls are intraswitch calls (MCI p. 11)). AT&T, MCI, TimeWarner, and other opponents to QoR do not mention this anomaly in their reasoning. Why is it acceptable to them for nonported numbers to be treated differently from ported numbers when it's an *intra*switch call, but not for an *inter*switch call? The answer is clear. *There is no harmful competitive effect from treating these types of calls differently.* Opponents of QoR are simply fighting the use of QoR in order to increase the incumbent's costs of number portability by forcing us to deploy an unnecessarily costly and complex solution that will burden our network for a long time.

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[9] See, for example, Second Report and Order, CC Docket 96-98, FCC 96-333 (August 8, 1996), para 104.

[10] In essence, this is LRN with QOR.

B. No Undue Reliance Occurs With QoR. Both LRN And QoR Require SS7 Messages To Incumbent's Network Facilities.

Another reason advanced for precluding QoR is the argument that reliance on the incumbent network is anticompetitive. MCI's argues, for example that reliance on the incumbent's network is unfair since the new entrant would be dependent on our choice of QoR and "would have absolutely no way to influence or veto that choice." (MCI, p. 9). MCI's argument is specious. Terminating customers can never veto or influence the originator's choice of routing, signaling, switch type, etc. Imposing a rule which precludes QoR because the porting customer may not influence how the call is received favors form over substance; why permit a terminating customer this power with respect to number portability, but not with general call completion?[11] Even if every carrier used LRN, calls will vary greatly, as they do today, in terms of how long it takes for a call to get from one location to another. No competitive inequity has been raised with today's system (in terms of having to equalize call completion times); raising it for the number portability component makes no sense.

Call completion times vary substantially today (depending on the number of carriers involved, number of switches, signaling type, routing, etc.). IntraLATA, interswitch calls can vary from less than 500ms (an SS7 call) to over 6 seconds (a 911 call). The additional 400ms attributed to QoR compared to LRN will hardly present any real change to the variability present today. Without evidence that customers will perceive a difference, the Commission cannot make a justifiable determination about the "impairment" of service with QoR.[12]

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[11] For example, this would be analogous to permitting terminating customers to choose the interexchange carrier used to reach them.

[12] We notice that although AT&T takes issue with the study we cite on customer perceptions and post-dial delay, AT&T cites no studies which support its views. No contrary evidence has been presented by any party that customer's service will be impaired with QoR.

MCI unreasonably implies that QoR will cause delays up to 1700ms.[13] We are not aware of the source of MCI's number. According to the information from our switch vendors, a call utilizing LRN will have a post dial delay of about .9 seconds; a call utilizing QoR with LRN will have post dial delay of about 1.3 seconds.

AT&T claims that the Commission's preclusion of reliance on other's networks is justified and that even though reliance occurs with LRN, the reliance which is associated with QoR is somehow more nefarious. Similarly, Time Warner argues that even though interconnected carriers must rely on each other's networks, QoR is more problematic.[14] What neither of these carriers address is why sending an SS7 message to a switch where the NXX resides (the essence of QoR) is unduly reliant, while sending an SS7 message to the incumbent's SCP (database) (the essence of LRN) is not.

For a call originating on Pacific's network, here's how the two will work: With LRN a SS7 query is launched from Pacific's switch to Pacific's STP and on to Pacific's SCP. The SCP returns the switch location via an SS7 message to the originating switch, and the call is then routed to that destination. With QoR, an SS7 message is launched to the switch where the NXX was assigned, and an SS7 message is returned with appropriate information to either complete the call, or to further query the database.

AT&T points only to the fact that with LRN, queries can be performed by the "originating, terminating or intermediate carrier." However, the LRN call processing model that has

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[13] MCI appears to rely somewhat on continuity testing as a contributor to this delay. Our vendors inform us that continuity testing will not affect post dial delay associated with QoR.

[14] Unless these carriers implement the order simultaneously with the LECs, the reliance of which these carriers complain will be exacerbated since the LEC will be performing terminating queries and routing the call through the incumbent's switch (even if that LEC isn't the originating or terminating carrier).

been suggested by AT&T is specifically for the N-1 carrier to perform the queries. In fact, one of our concerns is that carriers will "dump" calls upon terminating carriers without being queried and it will be up to the incumbent LEC to query calls in order to route them (see Petition, pp. 12-14). Whatever carrier performs the database query, there is reliance on other networks. Reliance occurs today as calls traverse networks,. AT&T seeks to craft a distinction: "While networks of originating carrier are necessarily part of the communications path on all calls, QoR requires that these networks be intimately involved in performing number portability functions" which somehow violates the rules on number portability. However, if reliance is acceptable for calls today (terminating carriers must rely on originating carriers in order for calls to complete and stay connected during the duration of the call), why is it not acceptable for a small piece of the call under certain circumstances (like with QoR for calls originating to NXXs assigned to that network, or between consenting carriers). And, why is it acceptable for an incumbent to query a database to get key information (under LRN), but not send a similar SS7 message to a switch to get key information (QoR). AT&T, Time Warner and other objectors to QoR seek to draw a distinction without a difference.

Further, the Telecommunications Act of 1996, and the Commission's interconnection decision, presuppose and encourage reliance on the incumbent network. Our network elements must be unbundled and made available to any carrier. (Section 251(c)). Reliance on another carrier's network is thus encouraged by the Act. The Commission should not treat another section 251 requirement, number portability, by a different standard.

C. The Claimed Marketing Advantage With QoR Is Illusory.

MCI, Sprint and others, seem to argue that there is an insurmountable problem with QoR relating to the ability the incumbents will have in advertising that calls originated on their networks and destined for new entrants' networks will take longer to complete. We submit that the

more reasonable marketing ploy that will be brought about by the use of QoR within the incumbent's network is the equally valid, and infinitely easier to understand message that new entrant customers' calls will complete faster than the incumbent's. The "marketing advantage" argument of MCI, and others is simply an emotional argument with no grounding in the reality of the market.[15] MCI is certainly capable of, and has years of experience in, putting adequate resources into advertising to counter claims of incumbents. In fact, MCI spent over $300 million in advertising during 1995.[16]

D. Real Cost Savings Result From Deployment Of QoR

Certain parties seeks to undermine the necessity of QoR by pointing to the dynamic nature of the cost estimates for QoR. Local number portability solutions are new applications, with ramifications on many different pieces of the network. We have endeavored to identify costs as information from our vendors became available. In initial submissions we noted that costs were likely to change, and were based on the best information at the time. In particular, we realized that for LRN, serious switch processor augments were required in order for the switches to have the capacity to perform the number of forecasted queries. Our most recent cost submission addressed those switch processor upgrades. Due to restrictions put onto us by our switch vendors, we were unable to make that information publicly available and instead filed it under seal.[17]

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[15] While MCI claims the Pacific's arguments supporting the QoR cost savings are reminiscent of Carl Sagan's "billions and billions", MCI's arguments that they would be unable to counter adverse advertising evokes Rod Serling somewhere in the Twilight Zone.

[16] Crain's Chicago Business, August 8, 1996, quoting Competitive Media Reporting. AT&T, according to the same source, spent $675 million in 1995, while SBC and Ameritech spent only $45 million and $71 million, respectively during the same time period.

[17] AT&T misstates our cost estimates in n.50 of its filing. Our initial estimate of LRN costs submitted to the California Local Number Portability Task Force stated clearly that it did not include systems work, switch real time effects, billing upgrades, SMS costs, etc. When additional costs were added in, the costs were estimated to be close to $1 billion. The QoR/LRN differential was initially noted to be $71M, again clearly stating that that did not take into account switch processor effects. Our most

MCI and AT&T seek to challenge the cost savings inherent in QoR. While AT&T points to the increased software costs, Pacific's cost differential estimate submitted with its PFR, $130M over 5 years, includes the additional software costs. The savings associated with reducing the number of queries with QoR more than makes up for the increase in software. Similarly, MCI argues that network inefficiencies result from QoR, and the SS7 network is difficult to size with QoR. While we appreciate MCI's concerns with our network, they are inaccurate. The trunking inefficiencies they seek to articulate (p. 12) and the SS7 growth issue are issues we take into account as a normal part of engineering our network. MCI's argument that somehow "forecasted volumes will be impossible" is laughable. We have many years of experience forecasting growth in our call processing network and in our SS7 network. It is because of our expertise in forecasting and efficient network management that we find LRN so offensive; it violates all the rules about only building the network that you need. LRN of course requires billions of unnecessary queries.

III. INTERIM NUMBER PORTABILITY

As we stated in our comments, we support those carriers who seek to leave cost recovery for interim number portability to interconnection proceedings or State commission regulation. We also agree with GTE and NYNEX[18] that the Commission should not require LECs to provide detail for every call in order to implement meet point billing for terminating access to ported numbers. Such detail is not available today, and would not be justified since this type of portability is interim in nature only.

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recent filing includes those effects. AT&T characterization of our cost data is once again, disingenuous.

[18] GTE Petition, p. 18, NYNEX Comments, p. 7.

IV. CONCLUSION

Pacific submits that QoR is a reasonable solution to be used to defray the high costs of number portability deployment and will not cause the "sky-is-falling" arguments of the opponents. These arguments should be seen for what they are--an attempt by our competitors to increase our costs of deployment, thus making it more difficult for us to compete. QoR should be allowed to meet the requirements of the Telecommunications Act. In addition, interexchange carriers should be required to meet the requirements of the implementation schedule.

Respectfully submitted,

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Date: October 10, 1996

0147548.01

CERTIFICATE OF SERVICE

I, Bernie Peters, certify that the following is true and correct:

I am a citizen of the United States, State of California, am over eighteen years of age, and am not a party to the within cause.

My business address is 140 New Montgomery Street, Room 2521, San Francisco, California 94105.

On October 10, 1996, I served the attached "Reply Comments of Pacific Telesis Group" by placing true copies thereof in envelopes addressed to the parties in the attached list, which envelopes, with postage thereon fully prepaid, I then sealed and deposited in a mailbox regularly maintained by the United States Government in the City and County of San Francisco, State of California.

Executed October 10, 1996, at San Francisco, California

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By: Bernie Peters
Bernie Peters

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